

Amend 2 Cal. Code Regs. section 18225 as follows:

18225. Expenditure.

(a) An expenditure is any monetary or nonmonetary payment made for political purposes.

A payment is made for political purposes if it is:

(1) For the purpose of influencing or attempting to influence the action of the voters for or against the nomination or election of a candidate or candidates, or the qualification or passage of any measure; or

(2) Made by:

(A) A candidate, unless it is clear from surrounding circumstances that the payment was made for personal purposes unrelated to his or her candidacy or status as an office holder;

(B) A controlled committee;

(C) An official committee of a political party, including a state central committee, county central committee, assembly district committee or any subcommittee of such committee; or

(D) An organization formed or existing primarily for political purposes as defined in ~~subsection~~ subdivision (a)(1), including but not limited to a political action committee established by any membership organization, labor union or corporation.

(b) "Expenditure" includes any monetary or non-monetary payment made by any person, other than those persons or organizations described in ~~subsection~~ subdivision (a), that is used for communications which expressly advocate the nomination, election or defeat of a clearly identified candidate or candidates, or the qualification, passage or defeat of a clearly identified ballot measure.

(1) "Clearly identified" has the following meaning:

1 (A) A candidate is clearly identified if the communication states his name, makes
2 unambiguous reference to his office or status as a candidate, or unambiguously describes him in
3 any manner.

4 (B) A group of candidates is clearly identified if the communication makes unambiguous
5 reference to some well-defined characteristic of the group, even if the communication does not
6 name each candidate. A communication that clearly identifies a group of candidates and
7 expressly advocates their election or defeat is reportable as an expenditure, but the expenditure
8 need not be allocated among all the members of the class or group on the campaign statement
9 reporting the expenditure.

10 (C) A measure that has qualified to be placed on the ballot is clearly identified if the
11 communication states a proposition number, official title or popular name associated with the
12 measure. In addition, the measure is clearly identified if the communication refers to the subject
13 matter of the measure and either states that the measure is before the people for a vote or, taken
14 as a whole and in context, unambiguously refers to the measure.

15 (D) A measure that has not qualified to be placed on the ballot is clearly identified if the
16 communication refers to the subject matter of the measure and to the qualification drive.

17 (2) A communication "expressly advocates" the nomination, election or defeat of a
18 candidate or the qualification, passage or defeat of a measure if it contains express words of
19 advocacy such as "vote for," "elect," "support," "cast your ballot," "vote against," "defeat,"
20 "reject," "sign petitions for" or otherwise refers to a clearly identified candidate or measure so
21 that the communication, taken as a whole and in context, unambiguously urges a particular result
22 in an election.

1 **[Option A** As used in this subdivision, “context” means all words and symbols appearing within
2 the communication.] **[Option B** As used in this subdivision, “context” means all words and
3 symbols appearing within the communication, read with knowledge that an election will be held
4 {within [90][45] days following } {in close proximity to} publication of a communication which
5 clearly identifies any candidate or measure that will appear on the ballot in that election.]

6 (3) Reporting expenditures.

7 (A) The amount of an expenditure reportable pursuant to this ~~subsection~~ subdivision
8 shall include all costs directly attributable to the communication, including but not limited to
9 salaries, production, postage, space or time purchased, agency fees, printing and any additional
10 administrative or overhead costs attributable to the communication. The expenditure does not
11 include any of the regular ongoing business overhead which will be incurred in similar amounts
12 regardless of the communication.

13 (B) When printed or broadcast communications circulate outside the State of California,
14 the expenditure may be calculated on the basis of the fraction of the total cost attributable to
15 circulation within California.

16 (C) Costs directly traceable to the communication are reportable when the
17 communication is made, or when payments are made in connection with the development,
18 production or dissemination of the communication, whichever is earlier.

19 (D) The costs of printing and distributing petitions, recruiting, training and paying
20 expenses of petition circulators, and other costs incurred in connection with qualification of a
21 measure are reportable "expenditures."

22 (4) Notwithstanding the provisions of this ~~subsection~~ subdivision, the term expenditure
23 does not include costs incurred for communications which expressly advocate the nomination,

1 election or defeat of a clearly identified candidate or candidates or the qualification, passage or
2 defeat of a clearly identified measure or measures by:

3 A) A regularly published newspaper, magazine or other periodical of general circulation
4 which routinely carries news, articles and commentary of general interest.

5 (B) A federally regulated broadcast outlet.

6 (C) A regularly published newsletter or regularly published periodical, other than those
7 specified in paragraph (b)(4)(A), whose circulation is limited to an organization's members,
8 employees, shareholders, other affiliated individuals and those who request or purchase the
9 publication. This paragraph applies only to the costs regularly incurred in publishing and
10 distributing the newsletter or periodical. If additional costs are incurred because the newsletter or
11 periodical is issued on other than its regular schedule, expanded in circulation, or substantially
12 altered in style, size or format, the additional costs are expenditures.

13 (c) Any payment used to make contributions, as defined in Government Code ~~Section~~
14 ~~section 82015 and 2 Cal. Adm. Code Section 2~~ Cal. Code Regs. section 18215, is an expenditure.

15 NOTE: Authority cited: Section 83112, Government Code.
16 Reference: Section 82025, Government Code.

17
18 I:\REGULATIONS\formatamend\18225amend.doc